



Congress of the United States
House of Representatives

March 3, 2006

The Honorable Kevin J. Martin
Chairman
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, DC 20554

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Federal Communications Commission
Office of the Secretary

RE: WT Docket No. 05-211

Dear Chairman Martin:

As members of the Congressional Black Caucus, we would like to express our concern regarding the unprecedented consolidation of ownership taking place in the United States wireless service industry and its impact on small businesses and businesses owned by members of minority groups and women. As we look forward to the Advanced Wireless Services auction, we are concerned about ensuring the effectiveness of the Designated Entity (DE) Program and seeing that it accomplishes the intent of Congress in giving the Commission authority to award licenses by competitive bidding.

The DE Program is a product of Congress' instruction that the Commission ensure that small businesses and businesses owned by members of minority groups and women have a meaningful opportunity to participate in the provision of spectrum-based services. Congress also directed the Commission to conduct competitive bidding in a way designed to avoid the excessive concentration of licenses. In the face of ongoing wireless industry consolidation and waning minority ownership and participation in the communications industry, it is now more important than ever to ensure that the DE Program serves its original purposes.

We are concerned that the Commission's current auction rules, well-intended though they may have been, allow large national carriers to extend their already-considerable influence in the industry through material partnerships with DEs. It is important that DEs have sources of capital and industry experience on which to rely, but allowing national wireless carriers to perform these functions is no longer good policy in light of their overwhelming dominance in the industry. The result is that most DEs – smaller businesses, new entrants, and minority and women-owned businesses – are hampered in their ability to compete effectively in the auctions and in post-auction markets against the large national carriers and their partners.

We urge the Commission to adopt the fundamental changes to the DE Program outlined in the Further Notice for Proposed Rulemaking dated February 3, 2006 to address this situation. Specifically, we recommend rules to prohibit the award of bidding credits or other small business benefits to entities that are partnered with the five largest national wireless service providers. In doing so, the Commission should also ensure that small businesses have access to both capital

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Page 2 of 3

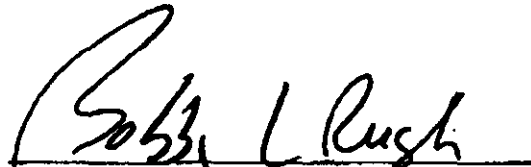
and expertise from all other sources of capital -- including other telecommunications companies -- in order to build competitive wireless networks.

These changes to the DE Program will help promote competition and diversity of ownership in the wireless industry, benefiting carriers and consumers alike. We must continue to provide mechanisms that offer incentives and resources for small enterprises and businesses owned by members of minority groups and women to participate in the provision of spectrum-based services to consumers in rural, urban, and under-served areas. We urge the Commission to implement the changes outlined in this letter.

Sincerely,



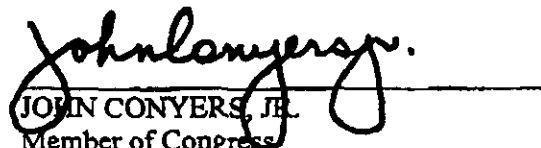
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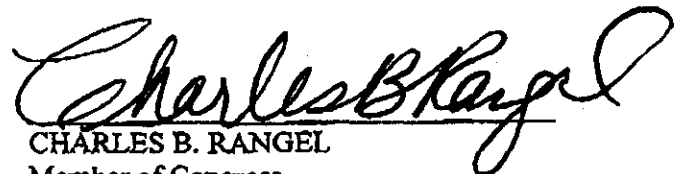
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3/3/2006
Page 3 of 3


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From-Rep. Diane E. Watson

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Comments:

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